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## Trip to McCall

*September 4, 1999—Salt Lake City International Airport*

It was 7:30 a.m., and the shadows of the Wasatch Mountains blanketed runway three-four-left as a blue and white Cessna 340 pulled out of the hangar, rolled onto the taxiway, and stopped. The roar of the twin 335-horsepower engines severed the crisp morning air, resonating angrily off the metal buildings to the west. Inside the private aircraft, the pilot, Hap Castleton, pulled his flight plan from a dog-eared navigation book and studied it for the vectors that would take him to Twin Falls, Boise, and, finally, McCall, Idaho.

Hap had a broad, generous face, graying brown hair, and a large frame. Deep creases mapped a face that had weathered the storms of thirty years as administrator of a small hospital in Park City, Utah. Satisfied with the route, he gently nudged his traveling companion, Del Cluff, and then traced the route on the map with his index finger.

Cluff, a thin man with receding auburn hair, looked up from a journal on cost accounting. His rooster-like eyes pecked at the map momentarily. Nodding at Hap, he returned to his journal.

Hap had invited Cluff to discuss changes in the Finance Department. The board was pushing for a major hospital reorganization, and Finance was a good place to start. He folded the aviation map and placed it next to his seat. Picking up the mike, he contacted ground control.

“Salt Lake ground—Cessna two-six Charlie requests taxi to runway three-four-left.”

“Cessna two-six Charlie—cleared to taxi.”

Hap increased his throttle, turning the plane south on the taxiway that would lead him to the assigned runway. The morning air was cool and the takeoff would be smooth. He tuned the radio to 118.3—the Salt Lake tower.

“Cessna two-six-Charlie requests clearance for takeoff.”

“Cessna two-six-Charlie cleared for takeoff. Fly heading 320, climb to 13,000 feet, contact departure on 124.3,” was the tower’s reply.

Hap felt the freedom surge deep within him as he released the brakes, pushed forward on the throttle, and began his takeoff roll. Flying and fishing were his favorite hobbies. Heavy responsibilities at Peter Brannan Community Hospital made it difficult to find time for either—but today, things would be different.

The plane accelerated. At 140 knots, he gently pulled back on the control yoke. With a soft thump, the wheels left the runway and the small plane lunged skyward. The plane climbed to 13,000 feet and turned onto its assigned vector of 320 degrees. Hap checked his airspeed, studied his altimeter and compass, and adjusted the trim. Satisfied the plane was on course, he turned his attention to his assistant controller.

Del Cluff had been with the hospital for nine months. A meticulous accountant, Del irritated Hap almost as much as he irritated hospital supervisors. It wasn’t just the fact that he was a bean counter, although that didn’t help. Why anyone would want to spend his day with his nose buried in a ledger puzzled Hap. It wasn’t even the preference shown to Cluff by Edward Wycoff, chairman of the Finance Committee, although anyone who could get along with Wycoff was suspect in Hap’s eyes. No—there was something more to it, something he couldn’t quite put his finger on.

Grabbing a sack from under his seat, Hap nudged Del on the leg. “Something to eat?”

Cluff managed a nauseous smile. Pointing to his stomach, he shook his head—negative. Hap grabbed a sandwich and took a generous bite, wiping his fingers on his flight suit.

*Nervous stomach? He takes life too seriously.*

The smell of eggs and mayonnaise filled the cockpit. Chewing ferociously now, he tuned the Nav Com radio to the next VOR. The plane crossed the first radio beacon.



From the right seat, Del Cluff watched the pilot adjust the radio and wondered why he had accepted the invitation to fly with Hap Castleton. *Hope this yo-yo knows more about flying than he does about hospital administration . . .* Palms sweating, Cluff tightened his seat belt.

Hap's management style was an increasing source of irritation. He created more problems than Cluff and a small flock of hospital accountants could fix. Although his larger-than-life personality made him a hero to many of his employees, he was no hero to Cluff.

The situation at the hospital was desperate. There were rumors the board was planning a major change instigated by Edward Wycoff, finance committee chairman. Wycoff had been snooping around the Finance Department, reviewing records and quietly interviewing select members of the staff.

The operation needed a good review, but Wycoff scared the wits out of most of the employees. Wycoff's efforts only made the situation worse. If the hospital were a patient, Cluff thought, it would be a Code Blue: a flat line—cardiac arrest victim.

Cluff folded his journal, sliding it under his seat, and retrieved the navigation map. He studied it, then squinted nervously at the inhospitable terrain below. To the north lay Mount Ben Lomond, capped with snow from a storm that had moved through the Rocky Mountains two days earlier.

To the east were the cliffs of the rugged Wasatch Range, thrust high by a catastrophic rending millennia ago. To the west, the waters of the Great Salt Lake reflected the purple mountains of Antelope Island. Cluff shivered involuntarily. Folding the map, he returned it to the pocket by Hap's seat.

"Heard the rumors about Selman?" Hap asked, the irritation in his voice sawing the cold morning air. "Board's pushing for a change—Wycoff plans on firing him Monday." Hap worked his jaw—his habit when irritated. "As soon as Selman's gone, Wycoff wants to install you as controller."

Cluff's eyes, a good barometer to his emotions, jumped in surprise. Cluff would welcome Roger Selman's dismissal—the two had frequently been at loggerheads. He would even welcome the opportunity to run things his way, but he wasn't entirely sure the promotion would be up—*it might be out*. It had been clear to Del from day one that Selman's position was dangerously close to the edge. Del said nothing while Hap struggled with his anger.

"Accept the job and you'll get two new responsibilities." His words were short and clipped. "The first is budget director—Wycoff wants \$3 million cut from the budget—I want you to oppose him."

*Fat chance!* Cluff thought. *Half of our vendors have us on a cash-only basis; we aren't even sure we can meet payroll.* This wasn't the first time Hap had locked horns with Wycoff—he had no ally in Del Cluff.

"The second . . .?" Cluff asked.

"Project coordinator for a new cost accounting system." The yoke of the small aircraft started to pull. Hap adjusted the trim.

"Six months ago I asked the auditors to take a look at the operation, see if they could propose something. Insurance companies are killing us. The board isn't going to allow me to bid on another HMO<sup>1</sup> contract until we have a handle on the cost of our services."

Cluff's eyes narrowed with approval. He smiled. "Our auditors have been after Selman for a year to get a system up and running. They think this should be our number one priority."

Hap nodded decisively. "It's now *your* number one priority. Wycoff's hired a CPA, a fellow by the name of Wes Douglas, to serve as a consultant on the project. Wycoff wrote a memo to him—read it."

Cluff smirked sarcastically. He'd seen the memo. Wes was an eastern accountant and knew nothing about rural hospitals. He'd be more trouble than he was worth.

Earlier that morning, Hap received a briefing at the weather desk. An unstable air mass with high moisture content from Canada was moving into the state and was being lifted high by the steep terrain of the Rocky Mountains. Severe thunderstorms were probable.

Hap studied a dark bank of cumulus clouds at twelve o'clock. On his present vector he'd hit the storm head-on. He fished in his shirt pocket for a note card, then pointed to a dusty manual on the floor.

"I need a radio frequency—Twin Falls localizer. Think the frequency is 122.4 but I'm not . . ."

Hap aborted the sentence. Mouth wide open, he glanced at his instrument panel, then gaped out the window. His expression changed from disbelief to terror.

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<sup>1</sup> Medical and accounting terms used in this story are defined in Appendix Two, *Medical, Economic, and Accounting Terms*

A cold wave of anxiety engulfed Cluff. “What’s wrong?”

As Hap replied the color drained from his face. “The right engine—”

A thin ribbon of blue smoke was trailing from the engine. Hap reached for the throttle. Before he could reduce power, however, a violent explosion rocked the plane, whipping Cluff’s head so violently he could taste the pain.

Hap grabbed the yoke in an attempt to regain control of the aircraft.

“Fire!” Cluff screamed.

The plane banked dangerously while Hap reached for the radio.

“Mayday, Mayday, Mayday,” he shouted “Cessna two-six Charlie. Lost an engine . . . on-board fire.” He glanced at the altimeter “Descending out of one-two-niner. Request immediate vector—emergency landing!”

One engine dead, the Cessna pulled right, the centrifugal force created by the right engine threatening to pull the plane into a flat spin. A spin would give the aircraft the flight characteristics of a pitching anvil—no lift; just spin, speed, and mass. “Can’t hold it!” He shouted, jamming his foot into the left rudder.

“Throttle back . . . cut the left engine!” Hap said to himself.

He lunged for the throttles, inadvertently cutting power to both engines. The plane shuddered—then dropped like a roller coaster. Unable to pull it out, Hap wrapped both arms around the control yoke. The veins in his neck protruded like steel cables as he pulled with all the strength of his 250-pound frame.

At 280 knots, the burning engine disintegrated, its broken cowling ripping the horizontal stabilizer from the tail as it cleared the aircraft. A side window blew out.

Cluff grabbed for something to hold on to—the ride down got rougher still.

Still struggling with the yoke, Hap turned the plane north in the direction of Highway 82. It was apparent from the glide slope they wouldn’t make it. An alarm sounded—red and amber lights exploded on the instrument panel.

Heart pounding like a sledgehammer, Cluff gaped at the rapidly approaching terrain below. To the west were homes and apartment complexes. To the east nothing but the foothills of the jagged Wasatch Mountains. Directly in front of the plane lay a freshly harvested hay field.

A farmer observing the plummeting aircraft jumped from his tractor and ran for cover. Cluff’s eyes desperately drank every detail of the approaching terrain as he searched for a way out.

The hayfield was flat—but too short for a landing. At the far end was an elementary school. Children were already playing in the yard, waiting for the morning bell to ring. Cluff pointed. “Try for the field!”

“We’ll hit the kids.”

“They’ll scatter.”

“Can’t chance it . . .”

*This idiot’s gonna kill us!*

Hap banked the plane east toward the foothills. Completing the turn, he dropped his flaps. An alarm sounded—the landing gear wasn’t down!

*Rough terrain—bring her in on her belly.* Hap turned off the electrical system. The blue and white Cessna, both engines silent, skimmed a row of cottonwood trees. The yoke was heavy and unresponsive. As Cluff screamed in terror, Hap Castleton tightened his harness and braced himself for the crash.

# 2

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## The Board

Edward Wycoff arrived at the hospital at 6:30 on Monday morning—a half hour before an emergency meeting of the board of trustees. Exploding down the hallway, he ignored the greetings of the housekeepers. Without breaking stride, he threw open the large walnut doors of the boardroom and switched on the lights.

Throwing his briefcase on a small telephone desk, he inspected the room. A retired officer in the Army Reserves, he knew how to conduct an inspection. Pity the employee who failed to meet his expectations.

Consistent with his instructions, the housekeeper had vacuumed the carpets and polished the conference room table until it shone like the brass on his colonel's uniform. He picked up the phone and punched in the extension of the Dietary Department. The Dietary Director answered.

"Wycoff here!" His commanding tone never failed to catch an employee's attention. "I ordered breakfast for the board!"

Telephone in one hand, the chief dietitian motioned frantically at a transportation aide. The aide clumsily shoved the heavy cart toward a service elevator. "Cart's on the way, Mr. Wycoff. Would've been there earlier but—"

Wycoff hung up, unwilling to grant her the satisfaction of an explanation. For a moment, the room was silent as he admired his reflection on the marble surface of the boardroom table. His most distinguishing features were his eyes—small and deliberate, the color of chipped ice. As always, he was unstirred by currents of self-doubt. *Hesitate—even for a moment—and you'll lose. Compassion now would only dull the victory . . .*

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Dr. Ashton Amos stuck his head through the door. At six-foot-one, he looked more like a basketball player than the newly elected president of the medical staff. His boyish mannerisms—coordinated awkwardness and a grin—made him popular with employees and physicians alike—a characteristic Wycoff could capitalize on.

Weariness from a twenty-eight-hour shift in the Coronary Care Unit lined Dr. Amos' voice. "Got your message," he said. "Just finished rounds . . . can talk now if you'd like."

Wycoff nodded. "Come in," he said evenly.

Dr. Amos crossed the room, seating himself in a large leather chair across from Wycoff. Retrieving a clean handkerchief from his pocket, he wiped his face and then blew his nose.

"Spent the night at the hospital?" Wycoff asked.

The doctor's mouth drew into a grim line. He nodded. "Fifty-one-year-old patient." Removing his glasses, he slowly massaged his eyes. "Double bypass—complications." Wycoff was unmoved; he'd give no sympathy.

"Any word on Hap's accident?" Amos asked, changing the subject.

Wycoff shook his head. "The plane hit fifty feet below the foothill summit. Sheriff thinks they were trying to reach Mountain Road. An FAA team arrived Saturday—I don't think they know anything yet. Have you heard anything about Hap's funeral?"

"It's scheduled for next Monday—noon. I've canceled surgery."

Wycoff nodded. "What about Cluff? What's the report?" Dr. Amos had emergency call the night Cluff had been brought in.

"Life-flighted to University Hospital. Called his attending physician this morning. Listed as critical—they think he'll make it." The room was silent as Wycoff digested the information. The young doctor knew that he hadn't been summoned to report on Cluff. Unless Cluff's services were needed again—a dubious probability considering the massive injuries he sustained from the crash—Wycoff would give no further thought to Cluff's welfare.

“What’s the board going to do about a new administrator?”

Wycoff pursed his lips as though it was the first time he’d considered the question. “It’s been a difficult weekend for me,” he began, mouthing the words he had carefully rehearsed earlier. “Hap and I disagreed—disagreed often,” he said, nodding in agreement with himself. “Still, I had a great deal of respect for the man.”

Wycoff was lying, of course. He didn’t think Amos would know the difference. He was wrong.

Wycoff steepled his fingers, a gesture of authority he’d used with good effect on Wall Street. “I’ve spent the past two days agonizing over the best course of action for the hospital.” He hesitated. “I have a proposal, but I’m not sure if the board will buy it.”

An ingratiating smile played on his lips as he leaned forward. He pointed an arthritic finger at Amos. “I need someone with your prestige to explain it to them,” Wycoff continued. “Someone they respect, someone they’ll listen to!”

Everyone knew how patronizing Wycoff could be when he wanted something. Dr. Amos felt vaguely nauseous.

“It’s been my experience that the board rarely turns down one of your recommendations,” Dr. Amos replied, his face masked and expressionless.

“It’s essential the board pick the right man to replace Hap,” Wycoff continued. “That won’t happen overnight. While we’re interviewing candidates, we need an interim administrator.”

Amos nodded, his face softening with relief. There were rumors Wycoff had planned to bring one of his hired guns in from New York to operate the hospital.

“Someone strong enough,” Wycoff continued, “to fully implement managed care at Peter Brannan Community Hospital.”

*A temporary appointment would be okay, thought Dr. Amos. It would give the hospital an opportunity to recover from the death of Hap while providing the time to organize the medical staff, in the event Wycoff still plans a coup.*

“Any candidates?” Dr. Amos asked, interest written clearly on his face.

“None of our department heads are qualified. We need a *financial* person,” Wycoff said with emphasis. “Someone who can address the problems we’re having with prospective payment systems!”

*Ah! Prospective payment!* thought Dr. Amos. *A term used often these days.* It referred to a practice insurance companies had adopted of negotiating fixed price contracts for healthcare in advance of treatment. The intent was to shift economic risk from the payer to the hospital. It was meeting its purpose. Since its adoption by Medicare and a host of insurance companies, life had grown increasingly difficult for physicians and administrators.

Someone would have to address the problem, but Amos himself was at a loss to identify a candidate. The physicians were too poorly organized, and the young MBAs didn’t understand the uniqueness of healthcare.

“Suggestions?” he asked.

“There’s a new CPA in the community—a fellow by the name of Wes Douglas. The hospital hired him a few weeks ago for a consulting project. He has no preconceived notions and isn’t involved with hospital politics.”

*Interim appointment . . . he might be okay,* Amos thought. “Does he have the time?” he asked.

Wycoff nodded. “I phoned him last night. He’s still building his practice. He’s not only got the time; he needs the money.”

Amos smiled. Wycoff could always identify a person’s Achilles heel—he obviously had found Wes’s. Amos rose thoughtfully and walked to the French doors overlooking the west patio. It was 7:00 a.m. and the morning shift was arriving. Mary Hammond was parking her car. A widow with six children, she worked as a clerk in the operating room. Retrieving her lunch from the front seat of a battered 1972 Honda, she hurried to the employees’ entrance.

As Dr. Amos watched her, he reflected on the hospital’s financial problems and the effect closure would have on the employees who depended on it for their livelihood. He turned to Wycoff. “I don’t have any better ideas,” he said with a shrug. “I’ll support the recommendation. Of course, I can’t speak for the other members of the board.”

# 3

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## A Change of Seasons

Thirty-one-year-old Wes Douglas stepped from his car to the sidewalk. He stretched the knots out of his back as he surveyed the wooded grounds of Peter Brannan Community Hospital. The change of seasons had come suddenly this year. Colorful leaves blanketed the lawn like the patchwork quilts sold in the gift shop. Wes enjoyed all the seasons, but fall—the season of change—was his favorite. Watching a gust of wind stir the leaves, he pondered the impending changes that awaited his career as he prepared for his interview.

Hap Castleton had stood with him here, on a hot day in mid-September, and explained the crisis that motivated the hospital to hire Wes as a consultant. The board of trustees was concerned about the hospital's lack of financial controls under the new prospective payment systems adopted by many insurance programs, including Medicare and Medicaid. Hap asked Wes to design a cost accounting system to provide the data necessary to bid and manage prospective payment system contracts. For the consulting engagement, Wes would receive \$50,000.

Wes had spent less than a week working with Hap on the project but was impressed by his energy and enthusiasm. Hap was an extrovert. His expressive style won the approval of employees and medical staff. Hap understood people and was a master at hospital politics. He was weak, however, in operations—at least according to Edward Wycoff.

Wes, on the other hand, understood finance and operations. At Lytle, Moorehouse and Butler, his former CPA firm, he had consulted with a host of manufacturing firms and assisted in the design of financial control systems—systems designed to restore profitability in an increasingly competitive international manufacturing environment.

Wes had a mind for detail, and he was a workaholic. Long after the staff went home, Wes pored over production reports and product flow diagrams, identifying inefficiencies that slowed production and increased cost.

Wycoff had picked up on the difference between Wes and Hap during Wes's first interview. The two had finished dinner and retired to a richly paneled lounge on the second floor of the Yarrow Inn.

"I want to tell you a story," Wycoff said, lighting a cigar as he settled into a large wing back chair. "One of my neighbors in New York, a fellow by the name of Eric Rose, was vice president of General Electric. When he retired, he had thirty years with the company. Four of the company's officers retired at the same time—three vice presidents and a director. Thanks to General Electric's generous stock-option program, they retired wealthy, sure of their business ability.

Wycoff removed his glasses, placing them on a table by his chair. "Wes, sixty-five is too young to do nothing. After short vacations, Eric and the three other officers started businesses of their own. They had a lot of confidence."

Here Wycoff paused for emphasis. "Within three years, each lost his investment! One of them was even forced into personal bankruptcy. For a long time, I wondered why people who had run a billion-dollar corporation couldn't make a success of their own company," he continued. "Want to guess why they failed?"

Wes shrugged. "Inexperience in a new industry?"

"That contributed, but I think the main reason was that they no longer had the support and discipline of a *team*. At General Electric, the VP of research had the VP of marketing to remind him that he had to develop products that would sell. The VP of marketing had the discipline of the VP of engineering to make sure he wouldn't pre-sell a product that couldn't be built."

"The manufacturing VP had the VP of finance looking over his shoulders, prodding him to reduce cost so his products could be priced at a level the customer could afford. The VP of finance, of course, had the other three VPs to remind him that without Marketing, Engineering, and Research, he wouldn't have a job!"

Wycoff smiled reproachfully. "My friends failed because they chose partners that were just like them—not just in experience, but also in aptitude."

"You're saying they failed to select people who could compensate for their blind spots," Wes affirmed.

Wycoff's eyes danced approvingly. "That's right. And that's why I'm interested in your experience." Wycoff pressed his lips shut as he studied the young consultant. "I think you could help us with more than the design of a

new accounting system. I'd like to see you serve as a permanent consultant to the board in financial and operational controls."

Wycoff leaned forward as though he was going to share a secret. "I'll admit Castleton is great with people," he whispered, "but he's poor with details, and he lacks a *financial perspective*. He knows the politics of the hospital, but you understand management and cost control. *Alone*, neither of you could run a business as complex as Peter Brannan Community Hospital. As a *team*, however, I think you'd be unbeatable!"

Standing now on the front lawn of Peter Brannan Community Hospital, two weeks after that initial conversation, Wes realized that Wycoff's ideas were no longer valid. Hap was gone, and without him there was no team. Without a team there would be no consulting contract.

Losing the job would be a bitter experience. Wes totaled his outstanding financial obligations—\$1,000 for office rent, \$600 for part-time secretarial services, and a payment of \$1,000 or so on a \$24,000 hospital bill. The latter was his largest obligation. The collections department at Community Hospital in Hartford was less than sympathetic.

Nine months earlier he was involved in a serious automobile accident. His insurance only paid a small portion of the hospital bill. He signed a note for the balance. Since coming to Park City he had been unable to make regular payments, and the hospital's business office manager was threatening to turn it over to an attorney.

Wes bent forward in an effort to relieve the throbbing pain in his back. Muscle spasms caused by stress, aggravated the problem—and today he was stressed! Gently stretching backwards now, he noted there was less numbness in his left leg than a month ago—a good sign. If only he could say the same thing for the numbness in his soul.

Flexing his knees so as not to bend or twist, Wes Douglas gently stooped to pick up his briefcase. Forcing a smile, he bravely crossed the lawn, entering through the large brass doors of the visitors' lobby.

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A row of wooden chairs with straight, upright backs stood sentry at the entrance to the lobby, and the scent of ethyl alcohol and cresyl violet seeped into the hall from the small laboratory on the first floor. Wes's leather-soled shoes squeaked on the highly waxed linoleum floor as he crossed the lobby to the information desk. He spoke briefly with the receptionist, then went directly to Administration where Birdie Bankhead, secretary to the administrator, greeted him.

Birdie, a fifty-six-year-old divorcee with two grandchildren and a poodle, had worked at the hospital as long as Hap. With red eyes and splotched cheeks, she looked up from the newspaper. Hap Castleton's picture was on the front page.

"I'm Mr. Douglas," he said, "I'm here to meet with the board."

Birdie nodded in recognition. "They're running a few minutes late. Would you like some coffee or juice while you wait?"

"No, I'm fine."

Birdie wiped the corners of her eyes with a handkerchief. She opened her purse and retrieved a small makeup compact. "Sorry," she said as she excused herself. "It's been a difficult morning for all of us. I'll be gone for a few minutes. If you need anything, Mary Anne in the next office can help."

Wes nodded understandingly as Birdie left. Hands in his pockets, he scanned the room. The office was fourteen feet square and served as the reception area for the administrator's office and the boardroom. The door to the boardroom was slightly ajar, and from the conversation that drifted through the door, he could tell the meeting was winding down. A woman was speaking.

"I'm not sure there's anything we can do but what you suggest," she said. "While I don't like it, you've convinced me it's our best alternative."

"All in favor?" a male voice said. There was a volley of "I's."

"Those opposed?" There was one vigorous voice of dissent.

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The door to the boardroom opened wide, and Dr. Ashton Amos emerged, extending his hand in greeting. Wes shook it as the doctor apologized for the delay. "Hope you haven't been here long," he said. Wes shook his head no and Amos gestured for him to enter the boardroom. Inside, four members huddled in quiet conversation around a large conference table. Octagon in shape, it was cut from a one-inch slab of white Tennessee marble and rested solidly on a square platform of highly polished walnut. In the center stood an architect's model of the new hospital Hap Castleton had hoped to build—a project canceled three days before his death.

"I don't think you've met the entire board," Amos said. This is David Brannan, chairman of the board." Dr. Amos pointed to a well-dressed man in his early thirties. "From his last name, you can tell his family has played an important role in the history of the hospital." Wes smiled in acknowledgment, while Brannan stood and shook his hand.

"Next to David is Dr. Emil Flagg, the Medical Staff's representative on the board." Dr. Flagg, a pathologist in his early sixties, had a dyspeptic smile and smelled vaguely of formaldehyde. Stretch wrinkles radiated from the single button of an enormous white lab coat that struggled to corral his rotund torso. Flagg glowered as he scrutinized Wes from head to toe, then nodded abruptly.

"Helen Ingersol, president of Ingersol Construction is next. This is Helen's first meeting with the committee." Helen Ingersol, a strong administrative type with short brown hair, and blue eyes that flashed intelligence, smiled acknowledgement.

"And last, but not least, is Ed Wycoff. You already know Mr. Wycoff." Wycoff motioned for Wes to take the chair next to him.

"The tragic events of the weekend have forced us to make some difficult decisions," Wycoff said, his lips compressing into a cold, thin line. "As these involve your consulting contract, we felt we should involve you in the discussion."

Wycoff paused. "Before addressing that issue, however, we have one other item of business. Dr. Amos, would you invite Roger Selman in?" As Amos left the room, Wycoff turned to Wes. "Roger is the hospital controller."

Wes had worked for his grandfather the summer before college, herding sheep in the mountains high above his Wyoming ranch. Sometimes dark thunderheads appeared on the horizon, churning their way toward the summer pasture. Even though the air was deathly still, uneasiness always proceeded the pyrotechnics soon to come. That same atmosphere filled the room as Amos returned with Selman. Both men took their seats—Brannan next to Wycoff and Selman at the end.

Except for the drumming of Wycoff's fingers on the cold marble table, the room was silent. Wycoff carefully studied the concerned face of each board member. Satisfied he had their attention, he removed the hospital's financial report from a manila folder and carefully placed it on the table. He gazed at it for a moment, withdrawing his hands for dramatic effect.

"Lady and gentlemen," he said, "Mr. Selman has provided us with an unusual document. In my twenty years as a financial analyst, I have never seen anything like it!" He paused for emphasis. "You are to be congratulated, Mr. Selman!"

Wycoff's sarcasm was not lost on Selman, who squirmed in his chair and smiled uncomfortably.

"Mr. Selman, when you joined the hospital five years ago, we had a successful business. No debts—a million dollars in the bank." Wycoff took a drink of ice water, then wiped his mouth with a handkerchief.

Beads of perspiration formed on Selman's forehead. With a beefy forefinger he tugged on his collar, loosening the knot of his necktie that seemed to tighten even as Wycoff spoke.

Wycoff's eyes narrowed. "The report given this morning shows a substantial reversal," he said glacially. Still staring at Selman, he methodically flipped—one by one—through the pages of the report.

"During the previous twelve months," he continued, "We generated a loss of \$3 million. Monday morning, our borrowing reached *two million dollars*, taking us within one hundred thousand dollars of our credit limit. With less than one hundred fifty thousand dollars of cash in the bank, we are perilously close to not being able to make payroll. Why, Mr. Selman," he said with callous sarcasm, "you and your associates have taken us to the edge of bankruptcy!"

From the expression on their faces, it was apparent that the board was not comfortable with the acerbic approach Wycoff was taking. Still, no one spoke.



Roger Selman took a deep breath. "It's been a difficult year," he acknowledged nervously, "but I think the worst is behind us. Yes, we've had trouble with the accounting system, but we can fix it. That's why Wes Douglas is here, isn't it?"

Breaking the lock of Wycoff's gaze, Roger shot a plea for help to David Brannan who had always been more sympathetic than the rest. "Give me three or four months," he said, "and you'll see a dramatic reversal of our position."

Wycoff slammed the table. "We can't survive that long! For the past three years, we've seen a steady decline in financial strength. While we can't hold you solely responsible, your inability to provide cost information has significantly affected our ability to operate this facility."

Wycoff's voice lowered as he sighted in on Roger Selman for the final kill. "Mr. Selman," he said, "with the death of Hap Castleton, we have decided to reorganize the administrative council. As a part of the reorganization, we are asking for your resignation." Wycoff forced his lips into a glacial smile. "If you don't resign," he continued, "you will, of course, be terminated."

Selman gasped as if he had been hit in the abdomen. He scanned the faces of the board, searching for any indication of support—but none was offered. Denied a reprieve, he settled back in the large leather chair. In a minute or so, the tight lines around his mouth relaxed as fatigue replaced shock.

Roger Selman was sixty-two years old—and he was tired. He was tired of fighting Administration and the board. He was tired of operating a department with few resources, but most of all he was tired of the long hours it took to straighten out the problems created by well-meaning but inefficient Hap Castleton.

His emotions surprised him. He was no longer angry, he was relieved. *Without Wycoff, I might live another ten years. The money isn't that important. I can find another job; maybe I'll even start enjoying life again.*

Selman turned to Wycoff, who watched the transformation with quiet curiosity. Selman decided to give a speech he had rehearsed, but never before had courage to deliver.

"The world has changed, but the board is still living in the 1960s," he began. "Healthcare is no longer a charitable endeavor—it's a business. For five years I've told you we need a cost accounting system—something that will allow us to bid intelligently on prospective payment contracts.

"You've ignored me. At your direction, we've been bidding on fixed price contracts anyway—and we've bid wrong! Thanks to you, we don't even know where we're losing money.

Selman drew a bead on Wycoff. "It's the board's responsibility to provide direction and control. Mr. Wycoff, you have provided neither. You failed to act, and the hospital's reaped the consequences.

"The physicians complain about inefficiencies," Selman continued, turning to Flagg. "But most physicians haven't got a clue about what it takes to run a profitable hospital. The medical staff can't even agree on the most mundane matters.

"The hospital *is* in trouble," Selman continued. "But firing me isn't going to fix that. The operation needs to adapt, but I'm afraid that won't happen as long as you dinosaurs are in control." Wycoff sat up abruptly, insulted at Selman's description.

Roger Selman folded his papers and stuffed them into the large envelope he had carried into the meeting. He stood and shook his head in quiet disgust at Wycoff, then crossed the room. "Welcome to the twenty-first century," he said as he shut the massive walnut door behind him.

The room was silent as board members studied each other, uncertain how they felt about Wycoff's action—or Selman's response. Before they could react, Wycoff spoke.

"Mr. Douglas," he said, "the board has empowered me to offer you a contract to serve as interim administrator of Peter Brannan Community Hospital—just until we find a permanent replacement. We know you're not a hospital administrator, but you understand finance—which, for the moment, at least, is our most pressing need."

Wes looked up in surprise. *Interim administrator?* Unwilling to speak until he had thought the offer through, Wes studied the board members. In the two weeks Wes had worked with the hospital on the design of the new accounting system, he had lost much of his enthusiasm for Edward Wycoff. Working with him would be difficult.

On the other hand, Wes had consulted with small firms in trouble and had enjoyed the challenge. His practice was small, and he did have the time. If he did a good job, it might lead to future consulting jobs in the industry. Accepting the assignment would be a good way to become better known in the community.

Awkwardly, Wes cleared his throat. "If we can work out something financially, I think it might be an interesting project."

"We'll pay \$5,000 a month for six months," Wycoff said.

Wes did the calculation in his head. “That’s about \$30 an hour. My consulting rate is four times that.”

The lines deepened around Wycoff’s mouth. He shook his head with firm determination. “The hospital’s in financial difficulty, Wes. We can’t afford that. Seven thousand a month is our best offer, guaranteed for six months if you do a good job—longer if it takes more time to get a permanent replacement.”

Wes thought about his new accounting practice. He had only billed thirty hours last month. In a week or so he could finish up the current projects and sublet the office to save overhead. Once again, he turned the offer over in his mind. His eyes softened as he came to a decision. “I accept,” he said.

Wycoff smiled smugly as he sank back into the large wingback chair. Expressions of the other board members ranged from happiness, to relief, to despair.

David Brannan broke the silence. “I don’t mean to change the subject, Ed, but I have a meeting downtown in twenty minutes. Do we have enough cash to meet the payroll Friday?”

“Spoke with the business office last night,” replied Wycoff. “They’re expecting a \$400,000 payment from Medicaid . . . should receive it by Wednesday. With that and the remaining line of credit, we should be able to squeak by.”

“Any chance it won’t be here in time?” Brannan queried.

“If it’s not here by Wednesday, I’ll drive to Salt Lake and walk the check through the Department of Social Services myself,” Wycoff said. He had done this before.

“If payroll is covered, then I suggest we adjourn,” said Brannan, smiling with relief. “Do I have a motion we adjourn?”

“I so move!” said Dr. Ashton Amos.

\* \* \*

It was evening when Wes entered the administrator’s office for the first time since assuming his interim post. He was surprised to see Hap’s untouched books, journals, and memorabilia. He gazed at the personal items—family photos, a dusty rainbow trout, and a pair of running shoes—and remembered his last visit to the office. Hap’s beaming personality had permeated the room like the rays of sun that had poured in through the French doors behind his desk.

The room was different today. The forest-green drapes were drawn, and except for the light from a small corner lamp, the office was dark and tomblike. Wes turned on the lights, opened the curtains, and settled into the large green armchair facing the desk.

The administrative wing was empty. He was grateful for the silence as he reflected on the events of the day. Had he participated in the discussions that led to the firing of Selman, Wes would have opposed it. Even if Selman was incompetent, he took knowledge that would have been helpful to a new administrator. After the meeting, Wycoff explained that the action was inevitable and that he had decided to spare Wes the task.

Although Wycoff’s intent may have been good, it had clearly backfired. Selman was well liked; his dismissal, so soon after Hap’s death, shocked and offended the employees. The hostility was more than evident at a meeting held later that morning when Wycoff introduced Wes as the interim administrator.

When Wycoff announced the termination of Selman, two female employees on the front row began crying, and a supervisor stormed from the meeting. Four department managers introduced themselves afterward in an attempt to be cordial, but it was apparent that most blamed Wes for the release of Selman. *If Wycoff had planned to set me up to fail, he couldn’t have done a better job,* Wes thought.

Wycoff was obviously not well tuned to the sensitivities of other people. The word on the street was that he was bright, but ruthless. Although this was a temporary position, Wes was beginning to realize the negative effect it might have on his fledgling CPA practice.

His thoughts were interrupted as Birdie Bankhead, the secretary to the administrator, entered the room. She carried a large yellow envelope. “I thought you’d left for the day,” Wes said, looking up in surprise.

“I had, but our application for an accreditation visit has to be in Chicago by Friday.”

Birdie’s lips were drawn tight and Wes realized that she was struggling with some fairly strong emotions.

“If you’ll sign the forms, I’ll drop them by the post office tonight,” she continued. She handed him the forms. He signed them and handed them back. Wes detected her animosity. *It wasn’t there this morning before Roger Selman’s dismissal.*

Birdie's eyes glistened as they caught the picture of Hap's family on the desk. "You'll want Hap's things out of his office. I'll remove them tomorrow," she said stiffly.

"There's no hurry," he said softly. "Let his family do it—at their convenience."

Birdie looked at him through the cobwebs of reddened eyes. She hadn't slept for two nights, or maybe she was still asleep; this past week had been a nightmare. From deep inside, a mournful sob shook her frame.

Wes stood up and took her hand. "Listen Birdie," he said. "I don't agree with everything that's gone on. This whole thing has been kind of precipitous. Let's not rush Hap's family. I can work around his things for a few days."

Observing his sensitivity, the lines around Birdie's eyes softened. *I wonder if he knows what he's got himself into?* Birdie didn't understand why the board hired someone with no experience to take the reigns from Hap. *Maybe he's been selected to take the fall—to deflect the blame from Wycoff and the board if the hospital folds.* Her sympathy increased as she contemplated the probable consequences for Mr. Wes Douglas, for the hospital, and for employees like herself.

She took a deep breath, releasing it slowly. "I'm sorry about the reception you received at the meeting," she said, beginning anew. "The employees are good people. They're still in shock over Hap's death, and now with the firing of Roger Selman—"

Wes nodded. "I understand," he said. "I'm not happy about the way things were handled today." He shrugged and smiled weakly. She smiled sadly in return.

"Is there anything I can do before leaving this evening?" she asked, pointing at the pile of mail and messages on his desk.

"I'm flying to Seattle to finish an assignment for a local firm," he said. "Watch over things while I'm gone."

"When will you be back?"

"I told the board I could start a week from Monday."

"There's a phone call from Wycoff that might change your plans." Birdie paused uncertainly, then crossed to his desk, where she tore a phone message from a notepad. "Wycoff called an hour ago," she said. "The bank has canceled the hospital's line of credit. He doesn't think the hospital can make payroll."

Wes was speechless. She continued.

"You should also look at this." She handed him the evening edition of the *Park City Sentinel*. The headline read:

## ***Hospital Employees Threaten Walkout***

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### **Vote "no-confidence" on appointment of new administrator**

Wes blinked, eyes wide with bafflement as he read the lead article. Removing his glasses, he rubbed his eyes, then stared out the French doors at the black storm clouds gathering to the east. Deep in thought, he waited more than a minute before breaking the silence.

"Cancel my flight," he said.

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*For a more detailed introduction to prospective payment systems and historical pricing issues, read Supplement One: Cost Accounting in Healthcare, which is found in Appendix One. This is recommended reading for medical and nursing students, as well as administrative and accounting students.*

